

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – AUGUST 8, 2002

PRESENT: Chairman John Byrne and Commissioner Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.

EXCUSED: Commissioner Anthony Maiola; Peter Engel, Director of Store Operations; Nicole Horton, Wine Marketing Specialist

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Referring to the SA1000 report for August 4, 2002, Craig noted some polling issues. The report showed retail sales were down –1.67%, on-premise sales also down by -.35%, off-premise sales were up 15.8%, and total sales showed an increase of .65%. However, sales actually increased almost 4%, if sales not polled in Stores #6 Portsmouth, #66 Hooksett, #10 Manchester and #40 Milford were included. The traffic count was down 4,614, while the average sales ticket was also down by \$.58.

The W-1 Total Weekly Sales Report also shows total sales up by .65% or \$45,515 for the week, with a yearly increase of 6.58% or \$2,271,826. Weekly wine sales increased for the week by 5.28% or \$155,954, as they did for the year by 15.2% or \$2,197,020. Sales of spirits for the week were down 2.46% or (\$100,000), but were up year-to-date by 2.66% or \$540,830.

B. Budget Reports:

In reviewing the current Outstanding Depletions and Post-Offs report, Craig pointed out that figures in the “June 31-60” column are not overdue, but payments should be received within a few days.

Market Basket next to Commission headquarters plans to make renovations to the parking lot and entrances. An architect from Nobis Engineering will be coming here next Monday at 1:30 p.m. to go through this plan, explain what will be done and answer any questions. The final planning board meeting will be August 21st. Craig will try to find out why the Commission was not notified of the first meeting back in March. The clerk at the planning board office indicated that any concerns regarding this project should be submitted before the August meeting date.

On October 15 of last year a memo was sent to the Commission regarding changes to the SEA contract which had become effective July 1, 2001. One of the provisions was that any agency which had over 50% union membership would require the rest of the employees to pay a union fee. There was discussion as to whether this meant 50% of the entire state, or of individual agencies. Chairman Byrne said he would challenge this, and that everything would continue as it was until the Commission hears differently.

Chairman Byrne and Craig Bulkley represented the Commission at a meeting before the Senate Ways and Means Committee. The Chairman reviewed actual FY 02 revenues and projected FY 03 revenues. The presentation went very well, and Senator D'Allesandro commended the Commission on the monthly revenue report being prepared and provided by George Tsiopras.

Four employees will be representing the Commission at the Cigna Road Race in Manchester later today.

The current W-6 Expense Budget Activity Variance Report shows expenditures should be at about 10.14% at this point. However, total agency expenditures are at around 11.40% due to Benefits costs. There is nothing that can be done at this time, with the rate increasing from 32% to 37%. However, the State does seem to recognize this. Chairman Byrne inquired about the cost of rents and leases. George said that this section has increased for IT as well, with expenses reaching \$114,000 as of this date.

Work continues with Treasury to streamline the banking process. One of the projects is to attempt to minimize bank accounts; there are currently 15 or 16 Citizen Bank accounts which they would like to condense into one. Deposits would still be made in the same way. This would save the State money and reduce paperwork.

Financial reports, which appear to be reconciled, are due in a couple of weeks. There are just a few more adjustments to be made. Budget projections have been discussed with the individual chiefs, and George doesn't foresee any problems.

2. IT Report

The ranking of licensees is now in the wholesale section of the web site.

Testing of the new system has been ongoing daily, and the weekly process has been completed. Monthly and yearly reports are far less involved and can easily recover from errors. Everything should be ready in about two weeks.

Work is currently being done on independent interfaces on demand, and cut-over should be possible by the end of the month. However, Chairman Byrne asked, and Howard agreed, to wait until after Labor Day to do this.

The interface to computer lights was moved this week, which may have caused some minor problems; however, all seems to be settled down now. IT will be putting in the applications to control the computer lights next week.

George mentioned that a credit card vendor conference was held today, with 22 representatives from different companies in attendance. There were a lot of questions regarding the RFP. The need and value of gift cards as part of the program was stressed. The possibility of leaving this portion open and including loyalty cards was proposed. A week or so is available to formally answer vendor questions, and the Commission is on track to award the contract in September. John Bunnell said the loyalty card portion has been studied for some time. A recommendation may be made from Marketing to the Commission within 30 days or less. Howard said it will not be known what the companies actually have to offer until early September when responses are received. Chairman Byrne said, if the Commission approves the loyalty card recommendation, it should be included in the contract but priced separately. John Bunnell explained what a loyalty card is and how it is used. There will be a meeting with the company who suggested providing these cards next week.

II. MARKETING & SALES REPORTS

1. Store Operations

Recommended Store Openings – Monday, September 2, 2002 – Labor Day 2002:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve recommended store openings, hours of operation and staffing patterns for stores during Labor Day, September 2, 2002, as recommended by John Laroche, Assistant Director of Store Operations. The motion was unanimously adopted.

John reported that remodeling at Store #42 Meredith has been completed, and that renovations are now being done at the new location for Store #14 Rochester, which should be ready in a couple of weeks.

Referring to the latest W-8 Store Analysis by Location report, John pointed out that a correction in polling would eliminate the decrease in sales indicated for Store #66 Hooksett. He also mentioned that Store #11 Lebanon gained a 94% increase in sales over last year.

2. Warehouse Report

The Concord Warehouse is in good shape at this time. It is down 93% in state owned stock due to purchases made last year.

3. Purchasing Report

John and Rick spoke with brokers regarding out-of-stock conditions, who assured them they are on top of the situation with product scheduled to arrive within a couple of days. Brown-Forman continues to experience shortage problems, while most of Allied Domecq's problems have been resolved. John said he would continue to follow up on this with Rick and Nicole. Chairman Byrne said vendors and brokers should be made aware that administrative action can be taken as a result of extensive out-of-stock situations.

4. Merchandising Report

A. SPIRITS:

1) Columbus Day Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission